

Message Text

LIMITED OFFICIAL USE

PAGE 01 CAIRO 06827 181621Z

73

ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 TRSE-00 OMB-01 COME-00 AGR-05

AID-05 PM-04 NSC-05 SP-02 SS-15 CIAE-00 DODE-00

INR-07 NSAE-00 PA-01 USIA-06 PRS-01 /070 W

----- 066813

R 181545Z MAY 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 3631

LIMITED OFFICIAL USE CAIRO 6827

EO 11652: NA

TAGS: EAID, EGEN, EFIN, IMF

SUBJECT: CUSTOMS RATE CHANGES ARE EVIDENTLY CAUSING PROBLEMS

REF: CAIRO 6013

1. ALL PAPERS MAY 18 CARRY FRONT-PAGE STORIES
REPORTING PRESS CONFERENCE HELD BY MINFIN ABU ISMAIL
IN WHICH HE ACCUSED PRIVATE SECTOR OF CAUSING
CONFUSION AND SPREADING RUMORS RELATED TO INCREASES
IN PRICES WHICH RESULT FROM GOE DECISION TO PASS
CUSTOMS VALUATION ON PARALLEL RATHER THAN OFFICIAL
RATE OF EXCHANGE. HE ADDED THAT THIS IS BEING
DONE ON PURPOSE AS MEANS OF JUSTIFYING PRICE INCREASES
AND THEREBY SERVING PERSONAL INTERESTS.

2. ABU ISMAIL SAID THAT A TOTAL OF ONLY
LE 320 MILLION WILL BE TRANSFERRED TO PARALLEL
MARKET OUT OF TOTAL OF COMMODITY IMPORTS WORTH
LE 1,920 MILLION FOR THIS YEAR. HE UNDERLINED
THAT DECISION WAS TAKEN IN ORDER TO BENEFIT POPULATION
AND STATE, AND WILL NOT INCREASE PRICES OF BASIC
COMMODITIES (WHICH HE SPECIFIED AS FERTILIZERS,
PESTICIDES, MEDICINES, WHEAT, RICE, BABY FOOD, RAW
MATERIALS AND PRODUCTION MEANS, UTILITY CLOTH,

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CAIRO 06827 181621Z

DAIRY PRODUCTS, MEAT, PROCESSED BUTTER, EDIBLE OIL,

MACARONI AND PROCESSED DATES). ABU ISMAIL FURTHER IS QUOTED AS STATING THAT DECISION TO CHANGE RATE OF CUSTOMS VALUATION WOULD APPRECIABLY CONTRIBUTE TO REDUCTION OF OVERALL DEFICIT AND AT SAME TIME LEAD TO INCREASE IN EGYPT'S FOREIGN EXCHANGE RESOURCES WHILE MINIMIZING UTILIZATION OF THESE CURRENCIES FOR LUXURY GOODS.

3. COMMENT: ABU ISMAIL IS CLEARLY REACTING TO WAVE OF CRITICISM WHICH HAS BEEN DIRECTED AT HIS MINISTRY SINCE ANNOUNCEMENT OF CUSTOMS CHANGE. (IMF HAS BEEN ONE OF DRIVING FORCES BEHIND MODIFICATION OF CUSTOMS RATE, AND FOR PRECISELY REASONS WHICH HAVE LED TO SOME REACTIONS ON PART OF EGYPTIANS.) IT CAN BE SAFELY ASSUMED THAT PRIVATE SECTOR IS INDEED QUITE VOCIFEROUS OVER IMPACT THAT NEW MEASURES WILL HAVE, SINCE THEY REPRESENT GROUP WHICH WILL BE MOST DIRECTLY AFFECTED.

4. NONETHELESS, IT IS UNUSUAL TO SEE MINISTER, PARTICULARLY ABU ISMAIL, TAKE TO PRESS FOR PURPOSE OF CASTIGATING SPECIFIC SEGMENT OF POPULATION. WE CAN ONLY ASSUME THAT HE HAS SUFFERED MORE ATTACKS SIMILAR TO HEATED SIX-HOUR SESSION HE REPORTEDLY HAD IN PEOPLES ASSEMBLY ON SAME ISSUE. HE IS EVIDENTLY QUITE SENSITIVE NOW.

EILTS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CUSTOMS DUTIES, FOREIGN EXCHANGE RATES
Control Number: n/a
Copy: SINGLE
Draft Date: 18 MAY 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CAIRO06827
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760192-0847
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760543/aaaabkpj.tel
Line Count: 88
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 CAIRO 6013
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 04 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 JUN 2004 by SmithRJ>; APPROVED <04 OCT 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CUSTOMS RATE CHANGES ARE EVIDENTLY CAUSING PROBLEMS
TAGS: EAID, EGEN, EFIN, EG, IMF
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006